

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

DEC 30 1994

In the Matter of)	DA 94-1614
)	
National Exchange Carrier Association)	Transmittal No. 642
)	
Revisions to Tariff F.C.C. No. 5)	CC Docket No. 93-123
)	
Universal Service Fund and)	
Lifeline Assistance Rates)	

MEMORANDUM OPINION AND ORDER
SUSPENDING RATES
AND DESIGNATING ISSUES FOR INVESTIGATION

Adopted: December 29, 1994; Released December 29, 1994

By the Deputy Chief, Tariff Division, Common Carrier Bureau:

1. On November 17, 1994, the National Exchange Carrier Association (NECA) filed Transmittal No. 642 to increase its Universal Service Fund (USF) monthly charge from 42.95 cents to 43.35 cents per line, and to decrease its Lifeline Assistance (LA) monthly charge from 9.01 cents to 8.48 cents per line.¹ The proposed rates would result in a net 0.13 cent per line per month decrease in rates. No parties filed petitions against NECA's Transmittal 642, which is scheduled to become effective on January 1, 1995.

2. In this filing, NECA, *inter alia*, is adjusting the projected USF and LA revenue requirement to account for differences between its prior projections and actual assistance provided. This procedure is known as "resizing."² NECA contends that, based

¹ NECA collects these charges from the largest interexchange carriers (IXCs) on the basis of the total number of lines presubscribed to each IXC. USF monies are distributed by NECA to promote affordable telephone service. NECA also provides LA monies to LECs for distribution to the LEC's low income subscribers.

² Section 36.631(e) of the Commission's rules, 47 C.F.R. § 36.631(e), defines the resizing procedure for the USF. Sections 36.741(b), 47 C.F.R. § 36.741(b), defines the resizing procedure for LA.

on data for the April 1, 1989 through December 31, 1994 period,³ the total USF revenue requirement was \$3,111.9 million.⁴ According to NECA, IXC's received billings of \$3,122.2 million over this same period, resulting in a net surplus of approximately \$10.3 million.⁵ A net surplus of approximately \$3.1 million was realized for LA.⁶

3. On February 5, 1993, the Common Carrier Bureau (Bureau) initiated an investigation into the lawfulness of the USF and LA rates filed by NECA in Transmittal Nos. 518, 527 and 530.⁷ The Bureau designated issues in this investigation on April 23, 1993.⁸ Among the issues designated for investigation was whether the USF rate established in the referenced transmittals is excessive due to "resizing" procedures employed by NECA.⁹ In the instant transmittal, NECA used the same resizing procedures under investigation in CC Docket No. 93-123.

4. The Tariff Division has reviewed Transmittal 642. We conclude that sufficient questions exist regarding the lawfulness of the transmittal to warrant suspension for one day and investigation of the reasonableness of NECA's proposed rates. We also find that issues presented in Transmittal 642 are sufficiently similar to those in our current investigation of NECA's rate changes in CC Docket No. 93-123 that administrative convenience permits adding this transmittal to that investigation. We therefore suspend NECA's Transmittal 642 for one day and incorporate that transmittal into the investigation in CC Docket No. 93-123. The accounting order imposed in CC Docket No. 93-123 also applies to this transmittal.

³ Both USF and LA data reflect actual reported results for April 1, 1989 through September 30, 1994 and projections for October 1, 1994 through December 3, 1994. USF and LA resizing amounts include NECA administrative expenses, interstate expense incurred from borrowing and interest income earned on excess funds.

⁴ NECA Description and Justification (D&J), Tr. No. 642 at 7.

⁵ *Id.*

⁶ *Id.* at Exhibit II.

⁷ National Exchange Carrier Association, Revisions to Tariff F.C.C. No. 5, Universal Service Fund and Lifeline Assistance Rates, 8 F.C.C. Rcd 922 (Com. Car. Bur. 1993).

⁸ National Exchange Carrier Association, Revisions to Tariff F.C.C. No. 5, Universal Service Fund and Lifeline Assistance Rates, 8 F.C.C. Rcd 2930 (Com. Car. Bur. 1993)(*Designation Order*).

⁹ *Id.*

5. Accordingly, IT IS ORDERED that the National Exchange Carrier Association, Inc. SHALL FILE tariff revisions on December 30, 1994, in order to advance the effective date of the tariff revisions filed under Transmittal No. 642 to December 31, 1994.

6. IT IS FURTHER ORDERED that, pursuant to Section 204(a) of the Communications Act of 1934, 47 U.S.C. § 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, the tariff revisions filed by the National Exchange Carrier Association, Inc. in Tariff F.C.C. No. 5, Transmittal No. 642, ARE SUSPENDED for one day from December 31, 1994 and an investigation into the lawfulness of those tariff revisions IS INSTITUTED.

7. IT IS FURTHER ORDERED that, pursuant to Section 204(a) of the Communications Act of 1934, 47 U.S.C. § 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, the tariff revisions filed by the National Exchange Carrier Association, Inc. in Tariff F.C.C. No. 5, Transmittal No. 642, are subject to the investigation in CC Docket No. 93-123. The National Exchange Carrier Association, Inc. SHALL FILE a supplement reflecting this suspension on December 30, 1994. It should cite Special Permission No. 94-1505 as the authority for this filing.

8. IT IS FURTHER ORDERED that, pursuant to Sections 4(i) and 204(a) of the Communications Act of 1934, 47 U.S.C. §§ 154(i) and 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, the National Exchange Carrier Association, Inc. SHALL KEEP ACCURATE ACCOUNT of all amounts received that are the subject of this investigation.

FEDERAL COMMUNICATIONS COMMISSION

A handwritten signature in black ink, appearing to read "David A. Nall", is written over a horizontal line.

David A. Nall
Deputy Chief, Tariff Division
Common Carrier Bureau